

## Community resources

[Follow us on Twitter](#) [Check our Reddit](#) [Twitter this](#) [Digg this page](#) [Contact us on IRC](#)

*courage is contagious*

## Viewing cable 08RIYADH1479, OIL MINISTER ON INTERNATIONAL MARKETS, SAUDI

If you are new to these pages, please read an introduction on the [structure of a cable](#) as well as how to [discuss them](#) with others. See also the [FAQs](#)

### Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

### Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#08RIYADH1479**.

Reference ID	Created	Released	Classification	Origin
<a href="#">08RIYADH1479</a>	2008-09-28 15:28	2011-08-30 01:44	<a href="#">CONFIDENTIAL</a>	Embassy Riyadh

Appears in these articles:

<http://www.mcclatchydc.com/2011/05/25/114759/wikileaks-saudis-often-warned.html>

VZCZCXRO3383  
PP RUEHDE  
DE RUEHRH #1479/01 2721528  
ZNY CCCCC ZZH  
P 281528Z SEP 08  
FM AMEMBASSY RIYADH  
TO RUEHC/SECSTATE WASHDC PRIORITY 9267  
RHEBAAA/DEPT OF ENERGY WASHINGTON DC PRIORITY  
INFO RUEHHH/OPEC COLLECTIVE  
RUEHJI/AMCONSUL JEDDAH 9777

C O N F I D E N T I A L SECTION 01 OF 02 RIYADH 001479

SIPDIS

STATE FOR NEA/ARP(HARRIS), EEB/ESC/IEC(SULLIVAN), OES/STC

E.O. 12958: DECL: 09/28/2018

TAGS: [EPET](#) [PREL](#) [ENRG](#) [ECON](#) [TSPL](#) [SA](#)

SUBJECT: OIL MINISTER ON INTERNATIONAL MARKETS, SAUDI PRODUCTION, OPEC, AND KAUST

REF: JEDDAH 414

Classified By: Charge d'Affaires David Rundell for reasons 1.4 (b) and (d).

11. (C) Summary: Minister of Petroleum and Mineral Resources Ali Al Naimi told the Ambassador on September 20 that the press conference following the September 9 OPEC meeting in Vienna did not accurately reflect members' discussions there and that there had been no agreement to cut production or any talk of specific "numbers." He said Saudi policy was unchanged and that his government remained committed to filling requests from its customers for oil. The minister also provided a briefing on the development of King Abdullah University of Science and Technology (KAUST) boards and committees, which Saudi Aramco is overseeing. End summary.

-----  
OPEC meeting  
-----

12. (C) Ambassador met Minister of Petroleum and Mineral Resources Ali Ibrahim Al Naimi September 20 seeking his views on energy market developments and a readout on the September 9 OPEC meeting in Vienna. Naimi said that recent fluctuations in energy prices vindicated the Saudi view that speculators bore significant responsibility for the sharp increase in oil prices in the last few years, and he said it also "gave credibility" to the OPEC decision, a shortfall he

described as "really not a decision except to abide" by the organization's preexisting production ceiling. Naimi said the organization's press conference had miscommunicated the discussions during the meeting, especially in that there had been no discussion of "numbers" at all.

-----  
Saudi energy policy  
-----

13. (C) Minister Naimi affirmed that Saudi Arabia had the same energy policy as it had in June: "We will honor whatever our customers request" in terms of orders for crude oil. He said the country never actually produced as much as 9.7 million barrels per day (mbpd) in recent months but had come close, which he attributed to a lack of demand. The minister said other problems contributing to this situation stemmed from the fact that refineries had been looking for the "wrong kind" of crude oil, recent hurricanes had disrupted some crude deliveries, and refinery maintenance programs had reduced the international capacity to refine Saudi oil. He predicted that in October and November there would be less demand from both Asia and the West. China had accumulated as much oil as possible for the Olympics and now was in possession of a significant surplus, he said, so its demand would fall. Naimi predicted that Japanese consumption would either be maintained or decline, and refinery maintenance would cause further disruption to markets.

14. (C) The Minister predicted that Saudi production would pick up in December in response to rising demand but not before. He said Aramco had no problem producing between 9.3 and 9.5 mbpd, but as he said he told President Bush during his visit to Saudi Arabia in May, "Saudi Arabia can't just put crude out on the market, we need customers."

-----  
More on speculation  
-----

15. (C) Naimi referred to the latest U.S. Commodity Future Trading Commission report which (he said) showed that speculation had become more under control and probably would have less of an impact on markets. However, he said it defined oil trades in terms of "commercial and non-commercial" transactions, of which the latter type did not fully coincide with his own definition of speculation, which he did not provide.

16. (C) The minister said that the possibility of the USG's proposed "\$500 billion" infusion of capital into the economy had caused "euphoria" that now was driving the price of oil higher. All markets were affected he said, citing America, Russia, China, and the Middle East. Naimi acknowledged the need for "regulators" to know the impact that they have on markets. "We're only human," he said, which is why governments need "smart people" to figure out what's going on in both oil and financial markets. Regarding what he termed the "Freddie Mac nationalization," the oil minister volunteered, "Governments have to do what they have to do."

-----  
KAUST structure  
-----

17. (C) Ambassador asked the minister for a description of committees being formed in connection with the King Abdullah University of Science and Technology (KAUST), which Saudi Aramco is responsible for developing. Naimi said KAUST would have a Board of Trustees (20-25 members, half Saudis and half expatriates) with investment management and audit committees. He said KAUST also would have several advisory boards (national, international, and technical advisory boards were planned).

18. (C) The minister emphasized that since King Abdullah wants KAUST to be much more than just a university, he was looking not just for academics and university administrators but also for people with experience working for large research firms, national science programs, and science parks, as well as finance experts. Naimi described some KAUST recruitment efforts, including specific candidates who had tentatively accepted or rejected his offers of board or committee membership. From the descriptions he gave, the candidates (many are U.S. persons) are all at the top of their fields and represent a wide range of ages (though all he mentioned were over 40), levels of notoriety, and field of expertise. (Note: The SAG hopes KAUST will do much more than provide education, technology, jobs, and an economic boost for the country; it wants the 9,000 acre multi-billion dollar research institution to create a space relatively insulated from the country's hyper-conservative culture that eventually could promote moderation in other parts of Saudi Arabia.)

-----  
Atmospherics  
-----

19. (C) Naimi expressed interest in the upcoming U.S.

elections and the financial crisis, and he displayed a reasonably sophisticated grasp of U.S. politics and economic policymaking. The minister said he had climbed mountains, gone hiking, and "gotten some fresh air" during his trip to Europe for the OPEC meeting. He appeared healthy and was an engaging interlocutor but displayed the somewhat low energy level typical of Saudis during the Ramadan fast, which he said he was observing.

RUNDELL